



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

July 10, 2001

To: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: J. Tyler McCauley
Auditor-Controller

Subject: **Financial/Compliance Audits of 1999-2000 State Grants**

The Offices of the District Attorney, Public Defender, and Sheriff; the Department of Human Resources; the Probation Department; and the Countywide Criminal Justice Coordination Committee (CCJCC) receive grants from the State Office of Criminal Justice Planning and other State agencies. These grants require financial/compliance audits to ensure that State funding is used in accordance with applicable laws, regulations, policies and procedures.

The various departments requested that we arrange for the financial/compliance audits of the 1999-2000 State programs. A total of 43 grants (see Attachment) were included. To audit the grants, we contracted with the public accounting firm of Conrad & Associates, LLP, through our Master Agreement for As-Needed Contract Audits/Studies.

The auditors have reported their findings to the departments and copies of the reports have been sent to the appropriate State agencies. The auditors' reports identified a total of \$102,779 of questioned costs (less than one-half of one percent of the total grant expenditures), primarily the result of clerical errors, such as misclassifying a sub-grantee's costs and double claiming of an expense. The auditors also noted some minor weaknesses in internal controls; none were considered material in nature. The departments' responses to the reported findings and recommendations, which are included in the enclosed reports, indicate that the departments will take action to correct the reported problems.

Please call me at (213) 974-8301 if you have any questions, or your staff may call DeWitt Roberts at 974-0301.

JTM:JEM:BL

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Attachment
Enclosures

Board of Supervisors

**July 10, 2001
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Enclosures

c: David E. Janssen, Chief Administrative Officer
Steven Cooley, District Attorney
Lee Baca, Sheriff
Michael P. Judge, Public Defender
Michael J. Henry, Director of Personnel
Richard Shumsky, Chief Probation Officer
Robert Mimura, Executive Director, CCJCC
Executive Officer, Board of Supervisors
Public Information Office
Audit Committee (6)

1999-2000 State Grants
List of Grants/Periods Audited

Countywide Criminal Justice Coordination Committee Grants:

Anti-Drug Abuse (ADA) Grant
Drug Court Expansion
OCJP Grant
No. DC97030190
7/1/1999 - 6/30/2000

Anti-Drug Abuse (ADA) Grant
LADEP Project
OCJP Grant
No. DC99010190
7/1/1999 - 6/30/2000
7/1/2000 - 12/31/2000

Department of Human Resources Grant:

Child Development Programs
Calif. Dept of Education Grant
Contract No. GLPC-9018
7/1/1999 - 6/30/2000

District Attorney Grants:

Anti-Drug (CRAFT)
OCJP Grant
No. DC98B10190
7/1/1999 - 6/30/2000

Drug Endangered Children (DEC)
OCJP Grant
No. DG97010190
7/1/1999 - 06/30/2000

Anti-Drug (NEST)
OCJP Grant
No. DC99127250
7/1/1999 - 6/30/2000

Gang Violence - Lancaster
OCJP Grant
No. GV99C20190
7/1/1999 - 6/30/2000

Anti-Drug (COMNET)
OCJP Grant
No. DC98D10190
7/1/1999 - 6/30/2000

Gang Violence - Lennox
OCJP Grant
No. GV99020190
7/1/1999 - 6/30/2000

Career Criminal Prosecution
OCJP Grant
No. CP97080190
7/1/1999 - 6/30/2000

Juvenile Accountability Incentive
OCJP Grant
No. IP98B010190
4/1/1999 - 3/31/2000
No. IP99B010190
4/1/2000 - 6/30/2000

District Attorney Grants (cont'd):

Juvenile Offenders
Intervention Network
OCJP Grant
No. JV98030190
7/1/1999 - 9/30/2000
No. JV98010190
7/1/1999 - 6/30/2000

Major Narcotics Vendors
Prosecution Program
OCJP Grant
No. NV99010190
7/1/1999 - 6/30/2000

Special Emphasis Victim-Witness
Assistance
OCJP Grant
No. SE97080190
7/1/1999 - 6/30/2000

Stalking and Threat Assessment
OCJP Grant
No. V V9701090
7/1/1999 - 6/30/2000

Statutory Rape Vertical
Prosecution
OCJP Grant
No. SR97030190
7/1/1999 - 6/30/2000

Victim Witness Assistance
OCJP Grant
No. V W97180190
7/1/1999 - 6/30/2000

Spousal Abuser Protection
Program (SAPP)
Department of Justice Grant
No. 99SA06A010
7/1/1999 - 6/30/2000

Automobile Insurance Fraud
Department of Insurance Grant
Grant not numbered
7/1/1999 - 6/30/2000

Workers' Compensation Insurance
Fraud Program
Department of Insurance Grant
Grant not numbered
7/1/1999 - 6/30/2000

Probation Department Grants:

Lancaster Gang Violence
OCJP Grant
No. GV99D20190
7/1/1999 - 6/30/2000

Anti-Drug Abuse Enforcement
Program (ADA/THISP)
OCJP Grant
No. DC98C1090
7/1/1999 - 6/30/2000

Lennox Gang Violence
OCJP Grant
No. GV99A20190
7/1/1999 - 6/30/2000

Anti-Drug (COMNET)
OCJP Grant
No. DC98D10190
7/1/1999 - 6/30/2000

Repeat Offender Prevention (ROPP)
BOC Grant
No. 084-96
11/2/1999 - 6/30/2000

Anti-Drug Abuse Enforcement
Program (ADA/THISP)
OCJP Grant
No. DC98C10190
7/1/2000 - 12/31/2000

Juvenile Accountability (JAIBG)
OCJP Grant
No. IP98A10190
7/1/1999 - 6/30/2000

Anti-Drug Abuse Enforcement
Program (ADA/LADEP)
OCJP Grant
No. DC99010190
7/1/1999 - 6/30/2000

Anti-Drug - Drug Court Expansion
Project (ADA)
OCJP Grant
No. DC97030190
7/1/1999 - 6/30/2000

Juvenile Accountability (JAIBG)
OCJP Grant
No. IP98A10190
7/1/2000 - 12/31/2000

High School Graduate/GED Program
OCJP Grant
No. IP99A10190
4/1/2000 - 3/31/2001

Public Defender Grants:

Vertical Defense of Indigents
Project (VDI)
OCJP Grant
No. VI99010190
7/1/1999 - 6/30/2000

Client Assessment Recommendation
Evaluation Project (CARE)
OCJP Grant
No. IP98C10190
4/1/1999 - 6/30/2000

Sheriff Grants:

Lennox Gang Violence
Suppression Program
OCJP Grant
No. GV99B10190
7/1/1999 - 6/30/2000

Lancaster Gang Violence
Suppression Program
OCJP Grant
No. GV99E20190
7/1/1999 - 6/30/2000

L. A. County Sheriff's Department
Mentoring Program
OCJP Grant
No. ME96010190
7/1/1999 - 6/30/2000

L.A. County Drug Court Expansion
OCJP Grant
No. DC97030190
7/1/1999 - 6/30/2000

Region II Community Based
Policing Program
OCJP Grant
No. CR99020190
7/1/1999 - 6/30/2000

Community Oriented Multi-Agency
Narcotics Enforcement (COMNET)
OCJP Grant
No. DC98D10190
7/1/1999 - 6/30/2000

Juvenile/Parent Assistance
& Accountability Program
OCJP Grant
No. IC98010190
7/1/1999 - 6/30/2000

**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**

500 W. Temple Street, Room 585
Los Angeles, California 90012

Report on Audit of California Department of Education
Grant No. GLPC-9018

For the Period
July 1, 1999 through June 30, 2000

CONRAD AND ASSOCIATES, L.L.P.

Certified Public Accountants
1100 Main Street, Suite C
Irvine, California 92614

**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**

Report on Audit of California Department of Education Grant
No. GLPC-9018

For the Period
July 1, 1999 through June 30, 2000

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Mr. J. Tyler McCauley
Auditor-Controller
County of Los Angeles
525 Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012-2766

INDEPENDENT AUDITOR'S REPORT

We have audited the California Department of Education (CDE) program statements identified in the table of contents of the County of Los Angeles, Department of Human Resources for the grant and period noted below.

<u>Grant Number</u>	<u>Grant Period</u>	<u>Audit Period</u>
GLPC-9018	07/01/99 - 06/30/00	07/01/99 - 06/30/00

The amounts included in the program statements are the responsibility of the County of Los Angeles, Department of Human Resource's management. Our responsibility is to express an opinion on these statements.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the CDE program statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts presented in the CDE program statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the CDE program statements. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 2 to the CDE program statements, the County of Los Angeles, Department of Human Resources prepares the expenditure report in accordance with CDE requirements. The accounting practices used to prepare the expenditure report may differ in some respects from generally accepted accounting principles. Accordingly, the accompanying CDE program statements, which are based in part on the expenditure report, are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles.

Mr. Alan Sasaki
Auditor-Controller
County of Los Angeles
Page Two

In our opinion, the CDE program statements referred to in the first paragraph present fairly, in all material respects, the approved budget and costs claimed and the allowable costs for the grant and period audited, in conformity with the basis described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2000 on our consideration of the County of Los Angeles, Department of Human Resource's internal control structure and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the California Department of Education and the County of Los Angeles, Department of Human Resource's management and is not intended to be and should not be used by anyone other than these specified parties.

Leonard And Associates, L.L.P.

October 26, 2000

**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**

Status of Cash

For the Period
July 1, 1999 through June 30, 2000

Grant No. GLPC-9018 July 1, 1999 through June 30, 2000	
Grant cash received	\$ 301,618
Grantee matched funds	95,217
Grant expenditures	(396,835)
Cash on hand at end of grant period	\$ -

See accompanying *Notes to CDE Program Statements*.

**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**

Statement of Approved Budget and Costs Claimed

For the Period
July 1, 1999 through June 30, 2000

Grant No. GLPC-9018 July 1, 1999 through June 30, 2000			
	Approved Budget	Costs Claimed	Variance
Totals	\$ 301,618	396,835	(95,217)*

* The (95,217) variance was funded with additional matching funds.

See accompanying *Notes to CDE Program Statements*.

**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**

Statement of Costs Claimed and Accepted

For the Period
July 1, 1999 through June 30, 2000

Grant No. GLPC-9018 July 1, 1999 through June 30, 2000					
	Costs Claimed	Per Audit			Note
		Costs Accepted	Costs Questioned	Costs Recommended for Disallowance	
Salaries	\$172,296	\$172,296	-	-	
Fringe Benefits	50,707	50,707	-	-	
Indirect Costs	13,783	13,783	-	-	
Supplies and Equipment	5,829	5,829	-	-	
Consultants	135,670	105,670	-	30,000	4
Meetings and Conferences	1,483	1,483	-	-	
Printing and Publication	6,015	6,015	-	-	
Transportation and Travel	5,164	5,164	-	-	
Miscellaneous	5,888	5,888	-	-	
Totals	\$396,835	\$366,835	-	30,000	

See accompanying *Notes to CDE Program Statements*.

**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**

Notes to CDE Program Statements

For the Period
July 1, 1999 through June 30, 2000

Note 1: Background

CDE awarded Grant No GLPC-9018 to the County of Los Angeles, Department of Human Resources for the following program objectives:

- Local Child Care Planning Council

As stated in the contract requirements, the local childcare planning council (LPC) was designed to enhance and strengthen the interaction between children's service interest groups and agencies. The LPC also focuses on local areas that have the greatest need and utilizes the grant's funds for these areas.

Note 2: Summary of Significant Accounting Policies

The CDE program statements have been prepared from the original grant budget and subsequent modifications, if any, approved by CDE, the expenditure report form and the County of Los Angeles, Department of Human Resource's financial records.

The expenditure report form was prepared by County of Los Angeles, Department of Human Resource's personnel in accordance with CDE requirements. The basis of accounting used in preparing the expenditure report form differs from generally accepted accounting principles for the following item:

- Equipment. Equipment purchased with grant funds is expensed at cost. Generally accepted accounting principles require the equipment to be capitalized and depreciated over its useful life.

Accordingly, the accompanying program statements are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles.

Note 3: Expenditures Reimbursed by the California Department of Education

During the period of June 1, 1999 through June 30, 2000, the County of Los Angeles Department of Human Resources claimed total expenditures of \$396,835 on the Child Care Planning Program, of which \$301,816 was to be reimbursed by the California Department of Education.

**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**

Notes to CDE Program Statements

For the Period
July 1, 1999 through June 30, 2000

(Continued)

Note 4: Consultant Costs

During our review of consultant costs, we noted some expenses that were not supported with proper documentation. Upon further review it was noted that the expenses were mistakenly claimed twice. As a result, consultant costs of \$30,000 are recommended for disallowance. However, since the County of Los Angeles, Department of Human Resources, exceeded the required maintenance of effort (MOE) under the grant by \$31,217 (\$95,217 of claimed MOE less \$64,000 of required MOE), no state grant funds are affected by the disallowed costs.

Grantee Response

We are in agreement with the identified Costs Recommended for Disallowance. Wherefore, \$30,000 of consultant cost was mistakenly reported twice with no impact to the California Department of Education (the grantor) as the required maintenance of effort was exceeded.

Auditor Comment

We concur with the Grantee's response.

Mr. J. Tyler McCauley
Auditor-Controller
County of Los Angeles
525 Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012-2766

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF CDE PROGRAM STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the California Department of Education (CDE) program statements of the County of Los Angeles, Department of Human Resources for the grant and period noted below, and have issued our report thereon dated October 26, 2000.

<u>Grant Number</u>	<u>Grant Period</u>	<u>Audit Period</u>
GLPC-9018	07/01/99 - 06/30/00	07/01/99 - 06/30/00

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County of Los Angeles, Department of Human Resource's CDE Program Statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of program statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Audit Standards*.

Mr. J. Tyler McCauley
Auditor-Controller
County of Los Angeles
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Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Los Angeles, Department of Human Resource's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the CDE program statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the CDE program statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the State of California, California Department of Education and the County of Los Angeles, Department of Human Resource's management and should not be used for any other purpose. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Conrad And Associates, L.L.P.

October 26, 2000

**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**

Report on Audit of California Department of Education Grants

For the Period
July 1, 1999 through June 30, 2000

STATUS OF PRIOR AUDIT FINDINGS

The Grantee was previously audited by Conrad and Associates, L.L.P. There were no prior audit findings.

**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**

Report on Audit of California Department of Education Grants

For the Period
July 1, 1999 through June 30, 2000

EXIT CONFERENCE

The audit results and the audit report process were discussed with representatives of the County of Los Angeles, Department of Human Resources noted below on October 26, 2000. It was explained to those in attendance that the results were subject to a final review prior to release of the draft report. Any changes made based upon this review would be incorporated into the draft report.

County of Los Angeles, Department of Human Resources

Marion Figueroa
Glen Joe

Budget Officer
Fiscal Officer

Conrad and Associates, L.L.P.

Tom Huey, CPA
Manny Saghbazarian

Senior Accountant
Staff Accountant